



# Trade Intelligence

*“Expanding Two-Way  
Intelligence”*



U.S. Customs and  
Border Protection

# Trade Intelligence

- **Moderator: John Leonard** – Acting Executive Director, Trade Policy and Programs, Director, Office of International Trade/CBP
- **Mark Witzal**, Deputy Director, National Intellectual Property Rights Coordination Center
- **Cass Johnson**, President, National Council of Textile Organizations, (NCTO)
- **Jorge Garcia**, Deputy Director, Electronics Center of Excellence and Expertise, Office of Field Operations/CBP
- **Richard Widup**, Senior Director, Corporate Security, Purdue Pharma



***Mark Witzal***  
***Deputy Director, National IPR Coordination Center***

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Intellectual  
Property  
Rights  
Coordination  
Center



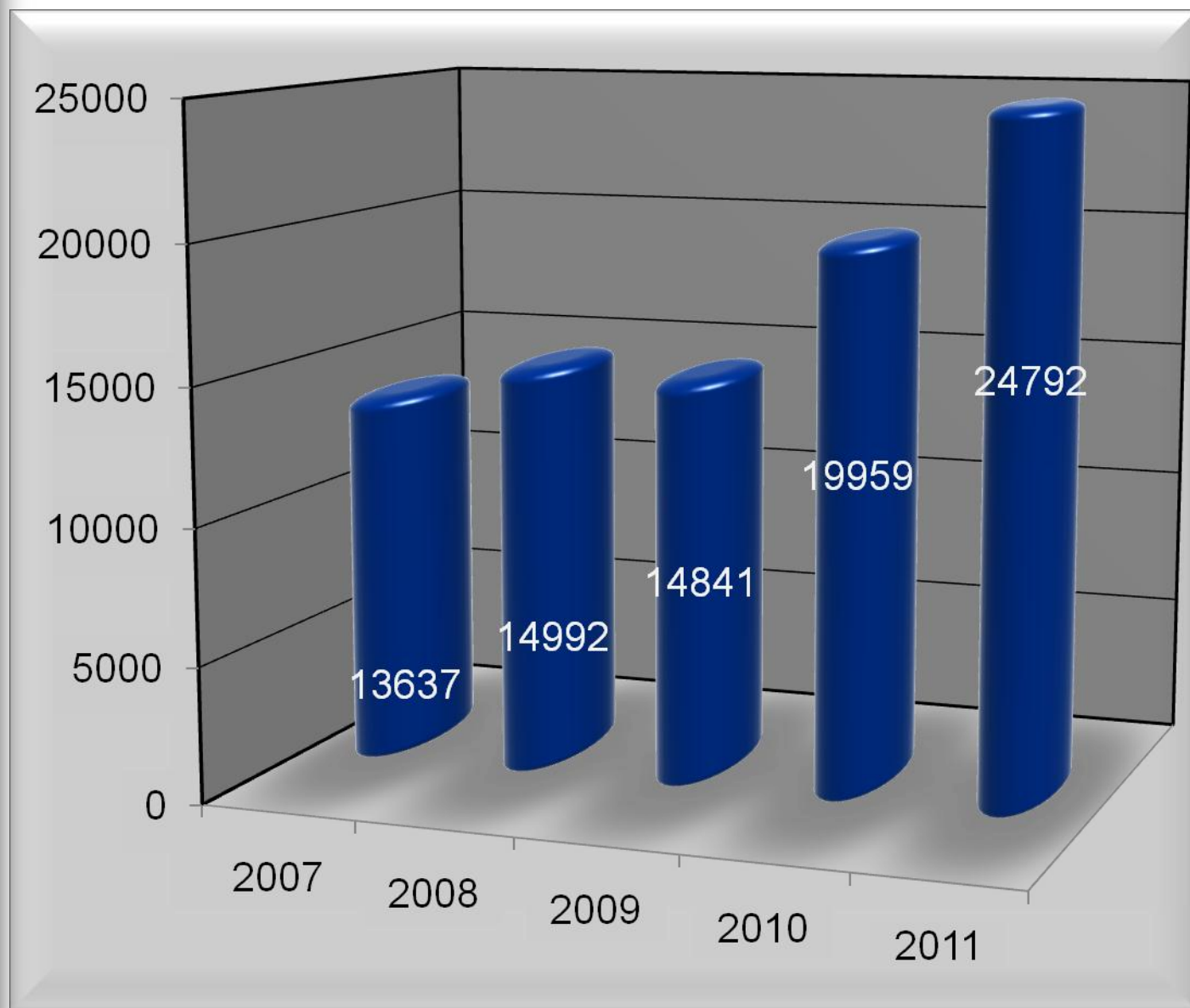
# IPR Center

- The IPR Center is a collaborative effort by U.S. Government agencies to stop intellectual property theft that: (1) threatens the U.S. economy (2) endangers the public's health (3) threatens the war fighter
- Trade Fraud collaboration between CBP & HSI-IPR Center
- The IPR Center uses a three-pronged approach: interdiction, investigation, and outreach and training to combat IP theft and Trade Fraud violations
- Today, there are 21 partner agencies including four international partners: INTERPOL, Europol, Royal Canadian Mounted Police, and the Mexican Revenue Service



# DHS (CBP & ICE) Seizures

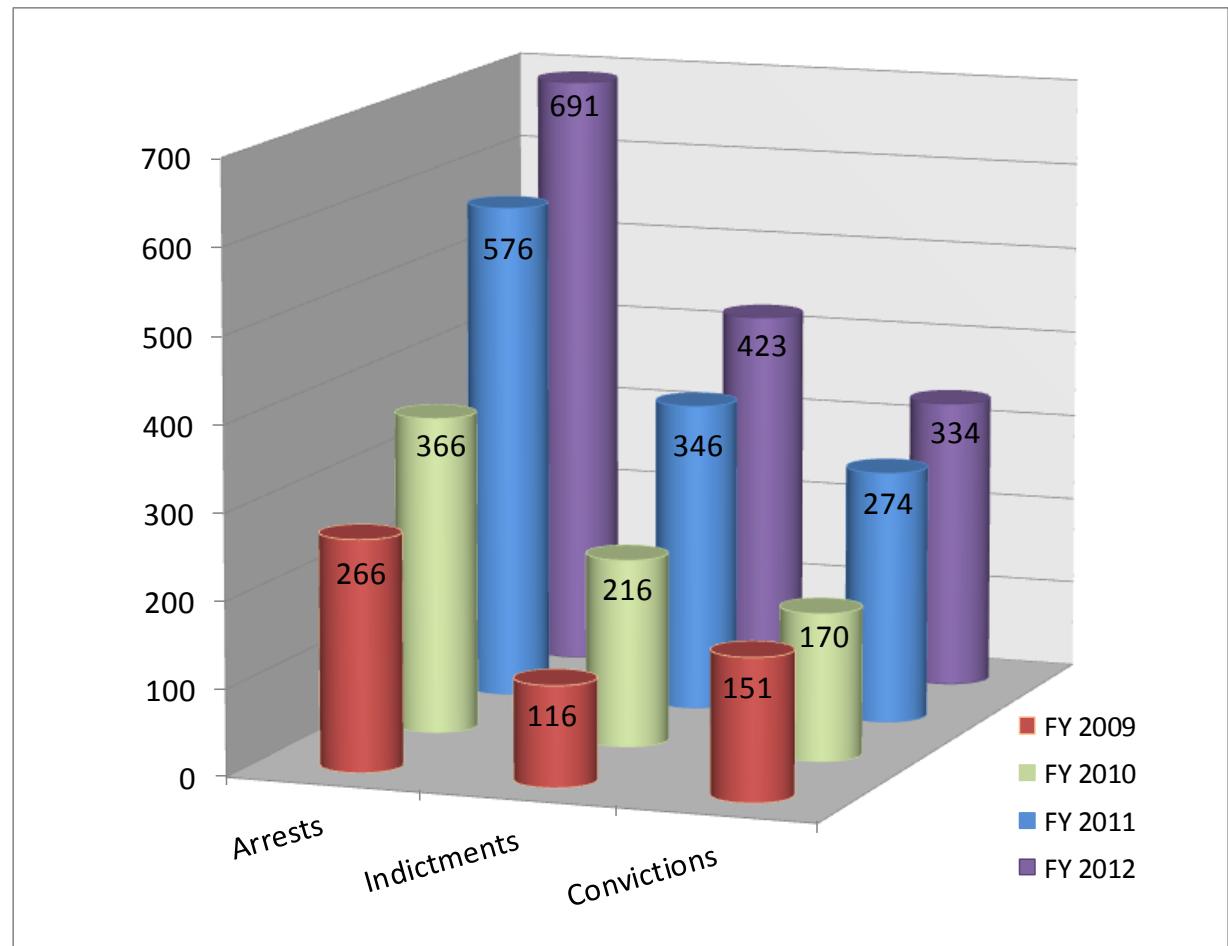
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# HSI Enforcement Statistics

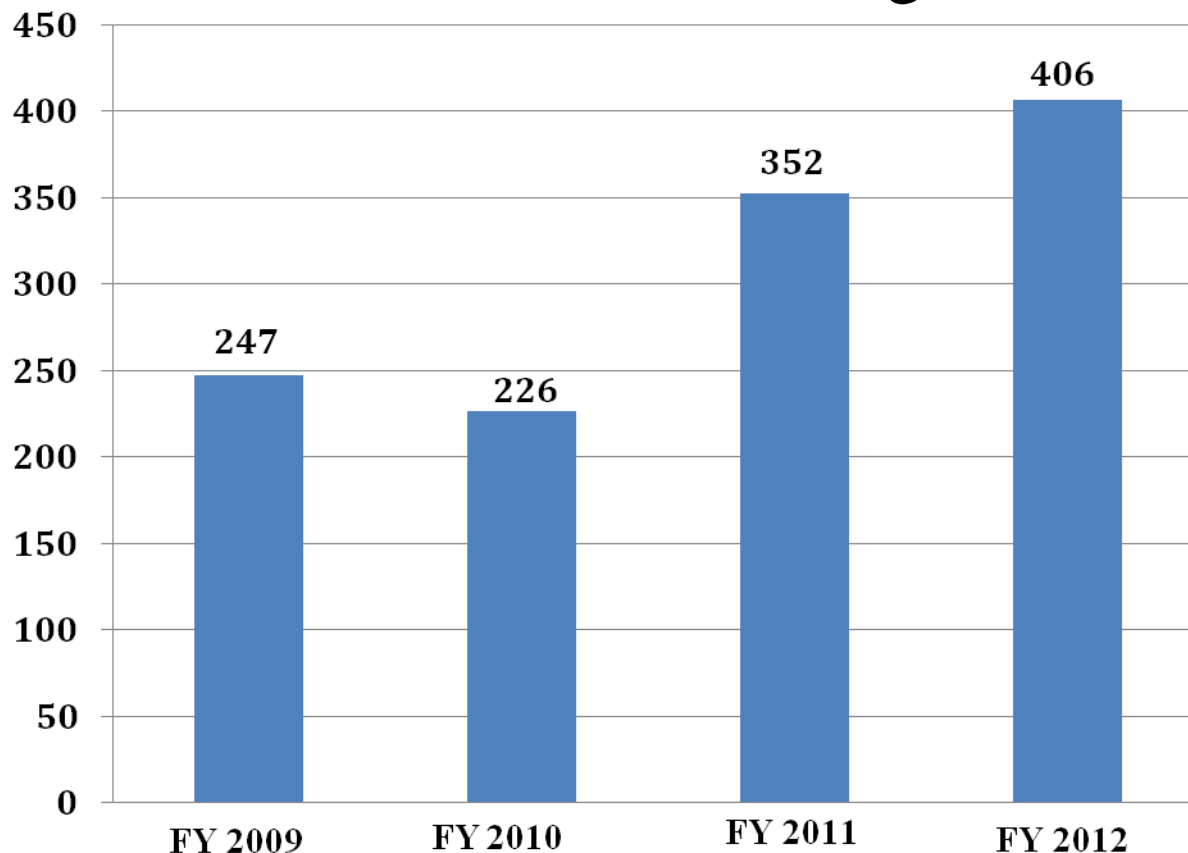
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# Outreach & Training Statistics

## OJV Outreach and Training Events



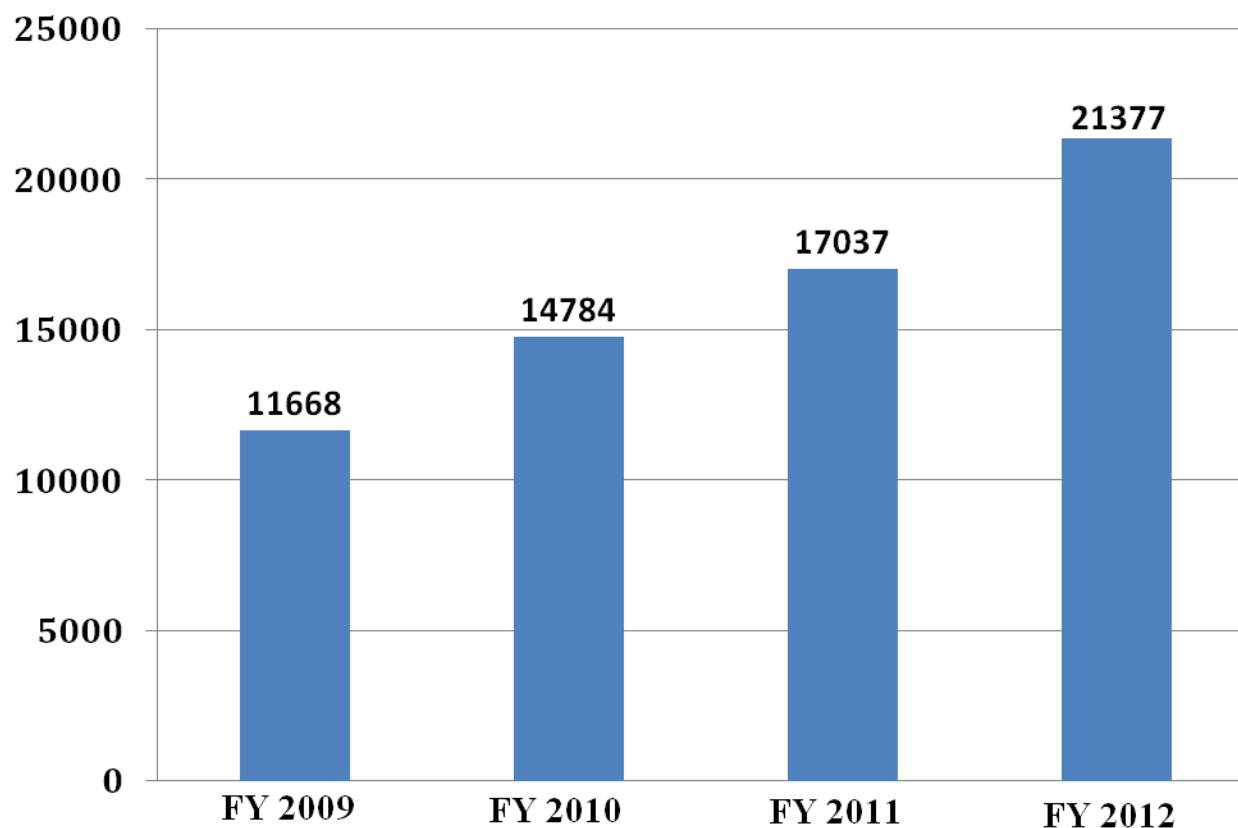
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# Outreach & Training Statistics

Total : 63,736

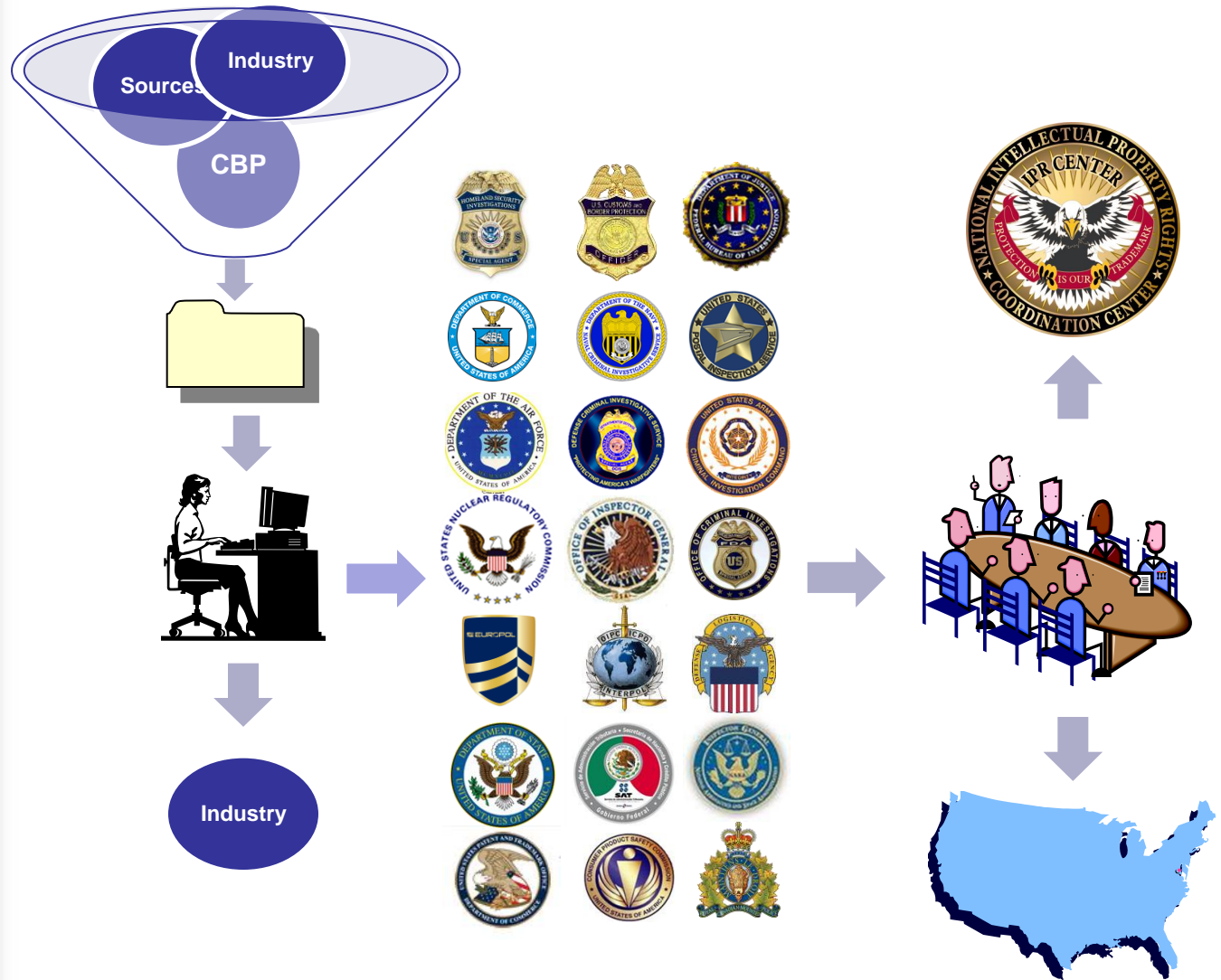
Event Attendees





# Lead Processing

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# Trade Fraud Enforcement

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- ★ Intellectual Property
- ★ AD/CVD
- ★ Textiles
- ★ Forced Child Labor
- ★ In-Bond



# CBP/HSI Collaboration

## National Intellectual Property Rights Coordination Center



- CBP and HSI collaborative efforts include working with the Centers for Expertise and Excellence (CEE) on various targeting initiatives
- Coordination on pharmaceutical, micro-electronics, and health and safety operations
- CBP - Interdictions & HSI - Investigations
- Both Criminal and Civil Customs Law Violations can be Legally Pursued
- Information Sharing & Collaboration using the successful IP model to promote cooperation with Industry in Trade Fraud Investigations

# The Way Forward

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- Field-Delivered Modular Training Program
- Post Investigative Analysis Report
- Enforcement Initiatives
- Industry Feedback
- Congressional Briefings

# REPORT IP THEFT

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[www.cbp.gov](http://www.cbp.gov)



[www.iprcenter.gov](http://www.iprcenter.gov)



# Trade Intelligence Panel

10/29/12

Cass Johnson

National Council of Textile Organizations





# TEXTILE FRAUD PRIMER

- Different than any other type of fraud – FTA fraud
- FTA Rules are based on *Production Processes*, not Value
- Cheaters Can Win Big: Average Duty Evasion 15%
  - Textiles almost 50% of Customs revenue – nearly \$15 billion.
- Fraud often occurs farther down production chain, where records are hard to get.
  - Yarn and fabric stage, not apparel

# ***“Yarn Forward Rule”***

**Spin** yarn *and*

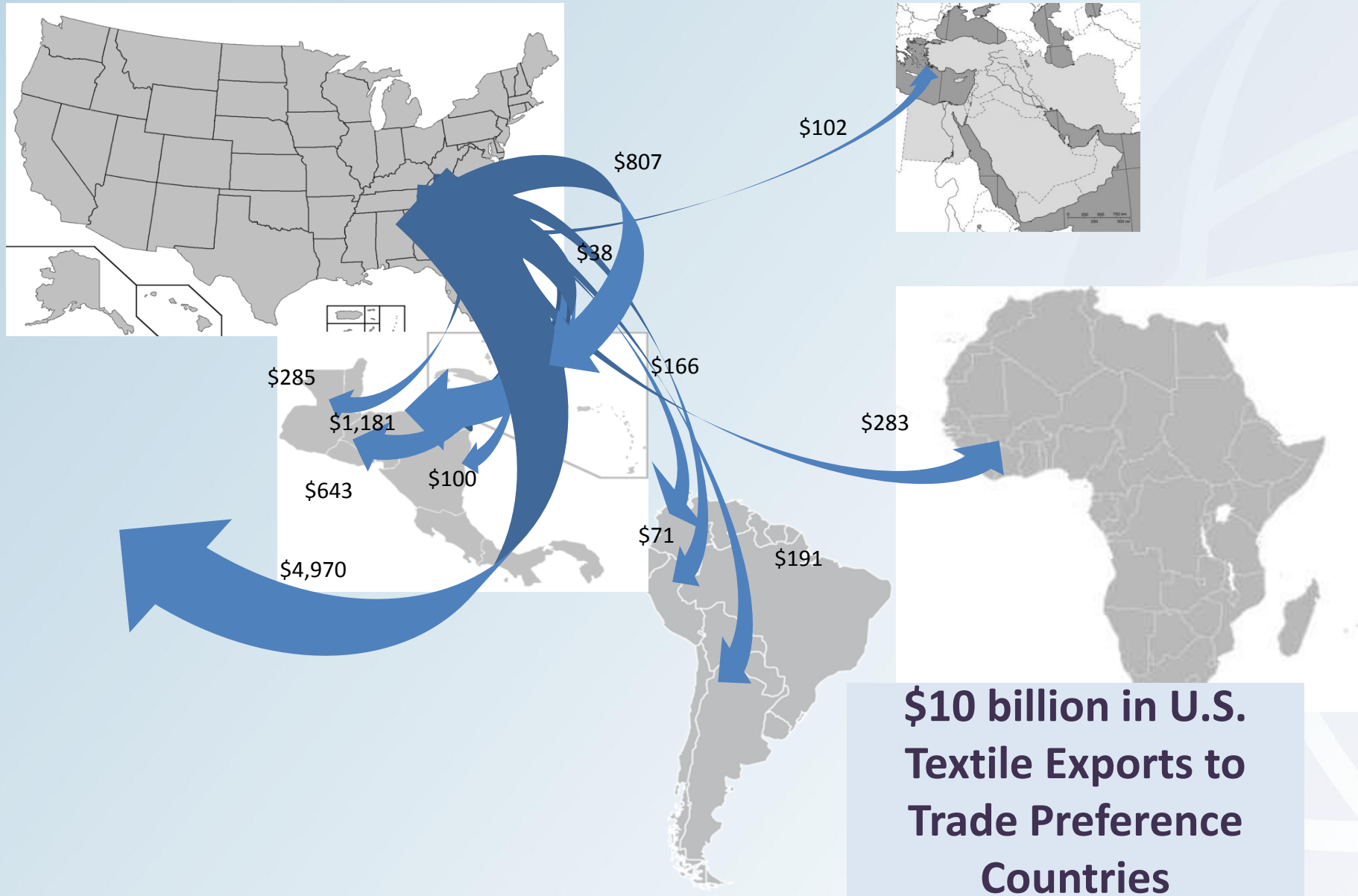
**Weave/Knit** fabric *and*

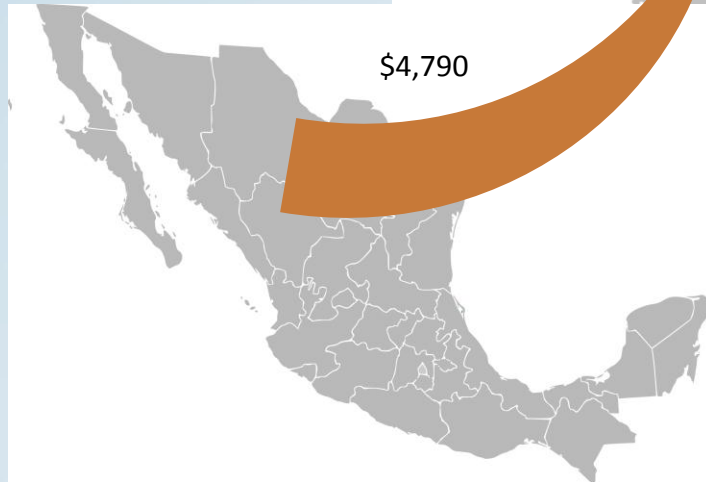
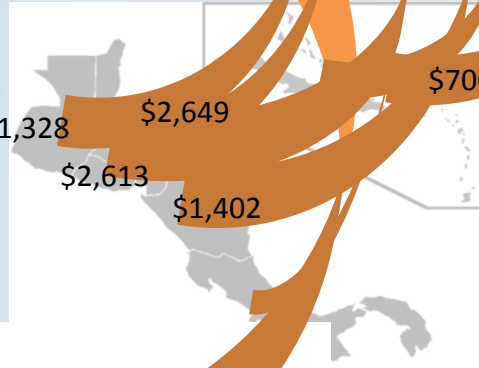
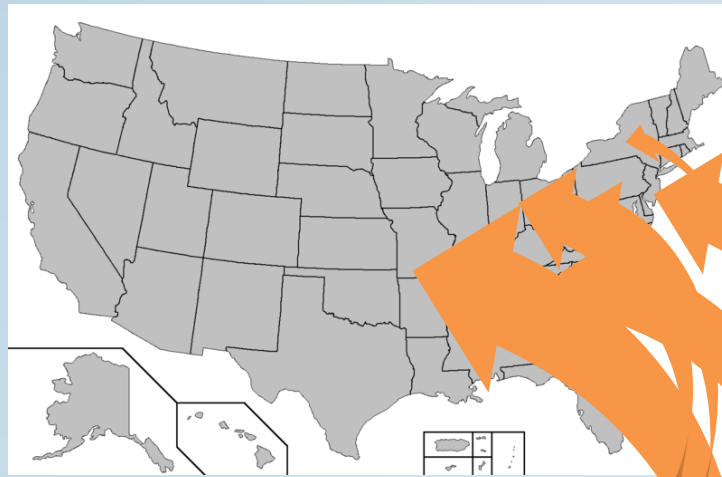
**Sew** garment.



15%  
Off on  
Duties

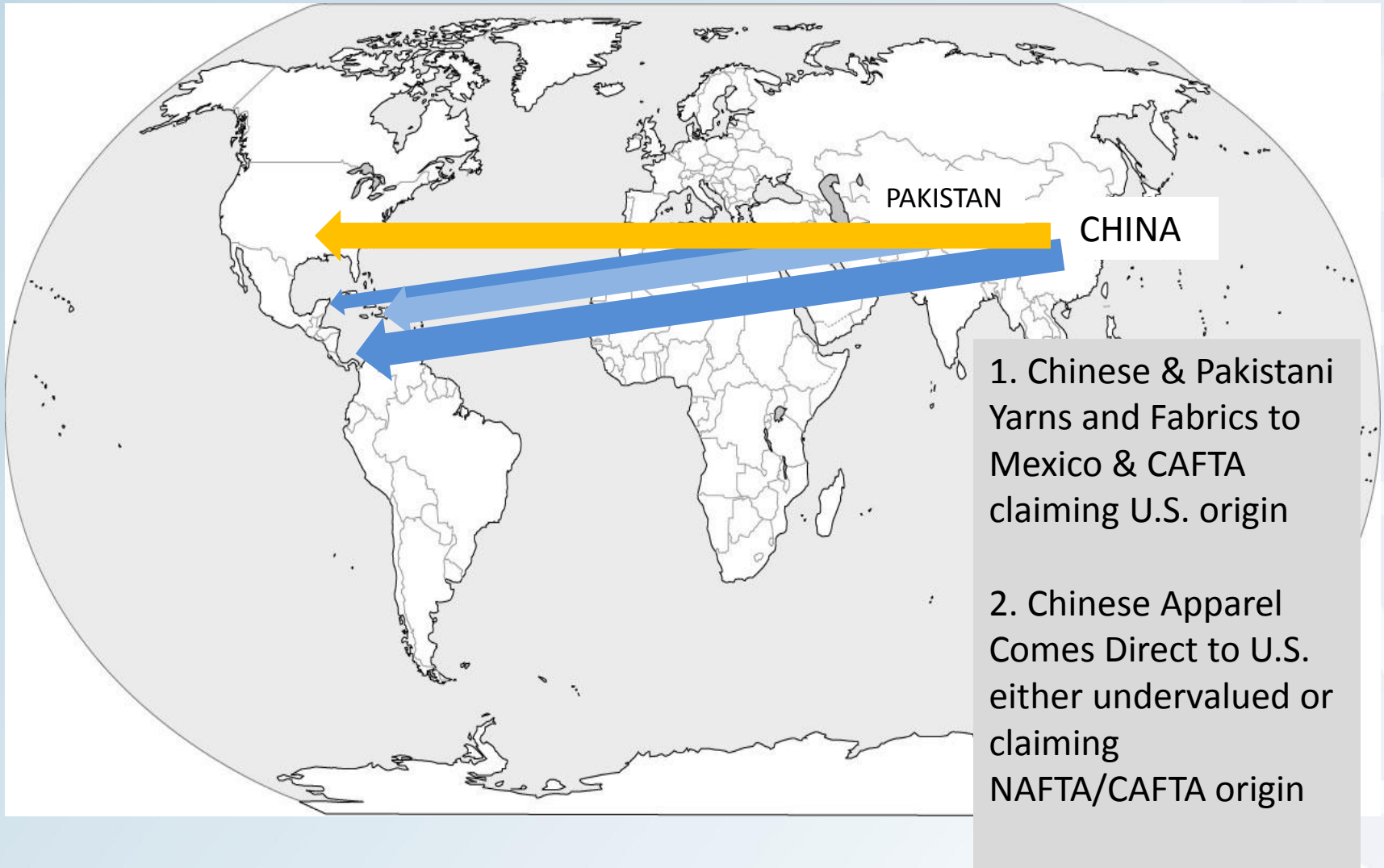
# U.S. Yarns and Fabric Are Exported to the FTAs





**Over \$15 Billion in  
Textile and Apparel  
Exports to U.S.  
Under FTAs**

# FRAUD PROBLEMS:

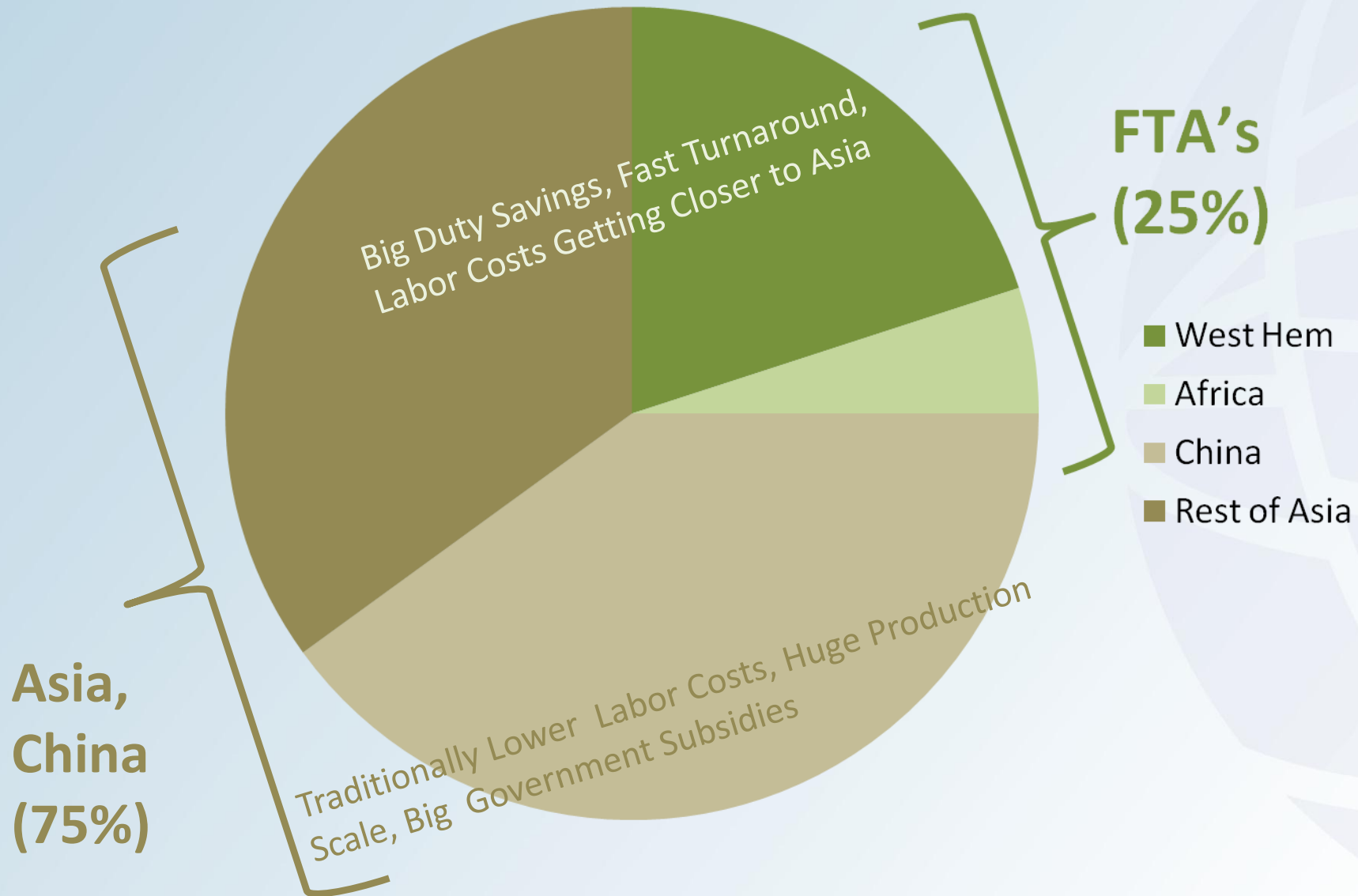


# Why Does It Matter?

- U.S. Textile Exports to FTA's have supported hundreds of thousands of U.S. textile jobs
- Nearly 1.5 million other jobs in Western Hemisphere & Africa depend on proper enforcement of the FTAs:
- \$30 billion in two way textile and apparel trade




# TEXTILE/APPAREL ECONOMIC BATTLE



# Ideas for Improvement

- More and better communication between industry and CBP/ICE on fraud
- More cooperative efforts with FTA customs services: Mexico/CAFTA countries
- Better targeting of trade flows in region: global supply chain analysis (China ships fabric to Guatemala but Guatemala ships apparel under CAFTA....)
- New risk assessment/targeting systems for new importers & non-resident importers
- More effective OFO/International Trade interaction: through the new Centers of Excellence
- Account Management/Textile Compliance “Best Practices” program to wall off good players
- Return staffing & training to functional levels

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A stylized, light blue and white graphic of a globe or sphere, composed of curved lines and segments, positioned on the right side of the slide.

# Partnerships are Important & Relationships are Everything



**A PHARMA COMPANY VIEW ON THE VALUE OF  
PUBLIC-PRIVATE PARTNERSHIPS**

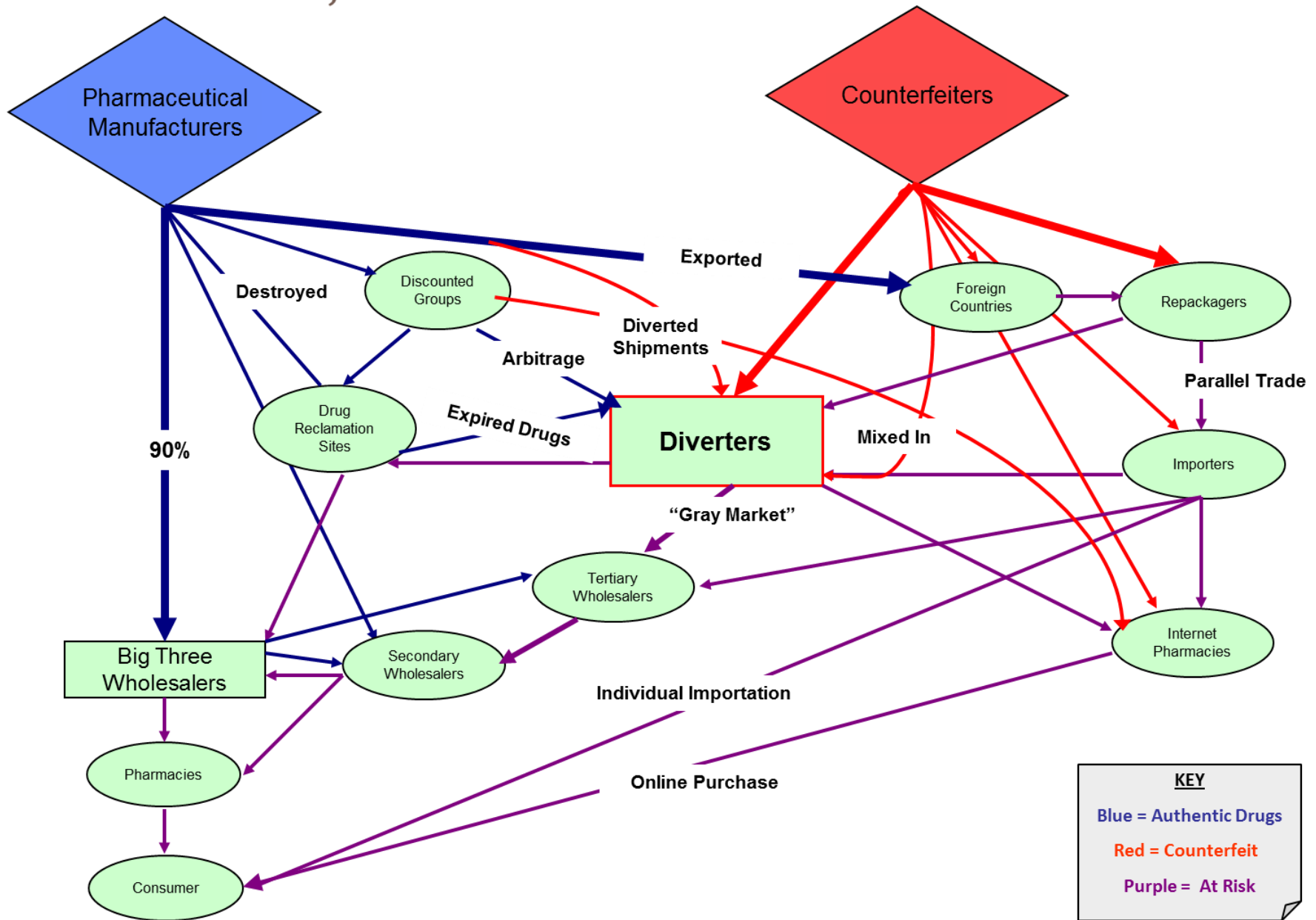
**2012 EAST COAST TRADE SYMPOSIUM  
OCTOBER 29, 2012**

# What's In This For Me?



- What is the scope of the public health challenge?
- What are we doing at Purdue Pharma?
- What success has the industry had?
- Where do we go from here?

# “Knowns; Known Unknowns & Unknown Unknowns”





# Purdue Pharma Programs



- Internet Enforcement
- Genuine Product Identification Guide
- Support TruScan<sup>®</sup> Initiative
- Pharmaceutical Cargo Security Coalition
- RxPATROL<sup>®</sup>
- Law Enforcement Liaison & Education Programs

# Industry Efforts



- 1,341 Arrests documented worldwide - 2011
- Operation Pangea
- PSI
- QBPC – China
- C-TPAT and related cargo security programs

# Thank You



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